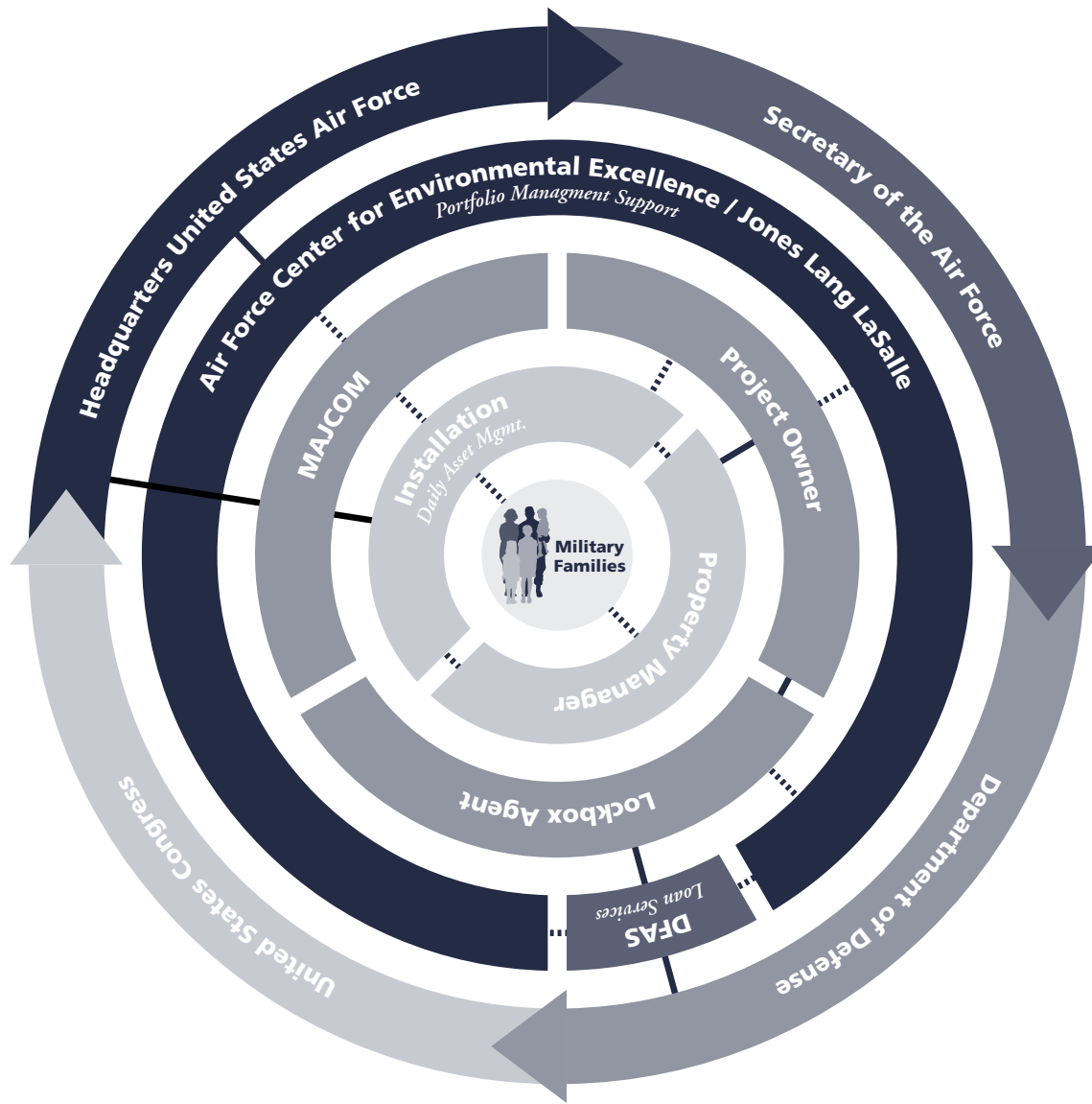


# Portfolio Management Stakeholders



## PORTFOLIO MANAGEMENT SERIES

This Information Sheet is one in a series on the subject of Portfolio Management. In February 2001, the Air Force Center for Environmental Excellence (AFCEE) was designated as the Air Force Housing Privatization Portfolio Manager. AFCEE executes its Portfolio Management responsibilities with the assistance of Jones Lang LaSalle (JLL), the current Portfolio Management support consultant.

From transaction closing through project closeout, the Portfolio Manager acts in oversight, monitoring, and guidance roles on behalf of the Air Force to protect the Government's interests. (Project closeout is at the conclusion of the transactional performance period, assets are disposed of and the project is closed out.)

## FOR MORE INFORMATION

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## Portfolio Management

The purpose of Air Force Housing Privatization Portfolio Management is to proactively manage the risks and issues associated with all housing privatization projects to ensure long-term program success. Through this long-term management and oversight process, the Air Force achieves its goal of providing improved quality of life for service members and their families.

While many parties have Portfolio Management responsibilities, the Air Force Center for Environmental Excellence (AFCEE) is the designated Air Force Housing Privatization Portfolio Manager. AFCEE executes its Portfolio Management responsibilities with the assistance of Jones Lang LaSalle (JLL), the current Portfolio Management support consultant.

The Portfolio Manager acts in oversight, monitoring, and guidance roles on behalf of the Air Force, although it typically does not engage directly in installation-level management. From transaction closing through project closeout, the Portfolio Manager is the primary Air Force agent implementing housing objectives at both the installation and program levels.



# Portfolio Management Stakeholders

## United States Congress

Congressional oversight occurs through several subcommittees, which include the House and Senate Appropriations Subcommittees on Military Construction, the House Armed Services Subcommittee on Military Installations and Facilities, and the Senate Armed Services Subcommittee on Readiness and Management Support.

## Department of Defense (DoD)

The Deputy Under Secretary of Defense for Installations & Environment (DUSD[I&E]) issues program policy and guidance to the Air Force and reports to Congress on the effectiveness of the housing privatization program. Other DoD offices execute various oversight duties, which include administering privatization funds, reporting Family Housing Improvement Fund (FHIF) status to Congress, and providing the Air Force with DoD policy guidance. The DoD provides oversight of projects and the Air Force program through the Program Evaluation Plan (PEP) process.

## Secretary of the Air Force (SAF)

The Assistant Secretary of the Air Force for Financial Management (SAF/FM) designated AFCEE as Air Force Housing Privatization Portfolio Manager and assigned its oversight roles and responsibilities. Other SAF offices provide the Major Commands (MAJCOMs) with financial and policy guidance, quantitative analyses of housing privatization projects, and FHIF management.

## Headquarters United States Air Force

The Air Force Office of The Civil Engineer (AF/ILE) has housing privatization oversight responsibilities. Branches of the Air Force Housing Division (AF/ILEH) provide global program and policy guidance and support to the MAJCOMs and AFCEE in their respective project execution roles.

## MAJCOM

After transaction closing, the MAJCOM is responsible for ensuring that the installation receives sufficient Portfolio Management support by reviewing project documentation, coordinating actions, and assisting with problem resolution.

## AFCEE/JLL

As the Air Force Housing Privatization Portfolio Manager, AFCEE—with the assistance of JLL, the current Portfolio Management support consultant—is responsible for maintaining project documentation, monitoring and evaluating housing

privatization projects, overseeing loan servicing, orchestrating project closeout, and incorporating feedback from lessons learned. In addition, AFCEE has responsibility for assessing and reporting project and program health, submitting a semiannual PEP, and mediating problems.

## Defense Finance and Accounting Service (DFAS)

DFAS is responsible for ensuring loan servicing on direct loans and loan guarantees for housing privatization projects.

## Project Owner

As a member of the private sector, the Project Owner provides for the financing, operation, and maintenance of the housing privatization project in accordance with the terms of the transactional documents. Furthermore, the Project Owner plays a crucial role in the Portfolio Management process by reporting project data to the Portfolio Manager and facilitating site visits.

## Lockbox Agent

The Lockbox Agent is a third-party entity responsible for managing Project Income in accordance with the Lockbox Agreement, and accounting for funds in the Lockbox Accounts (a major banking mechanism). The Government enters into the Lockbox Agreement with the Project Owner to ensure that project operation and financing proceed in accordance with Air Force goals and regulations.

## Installation

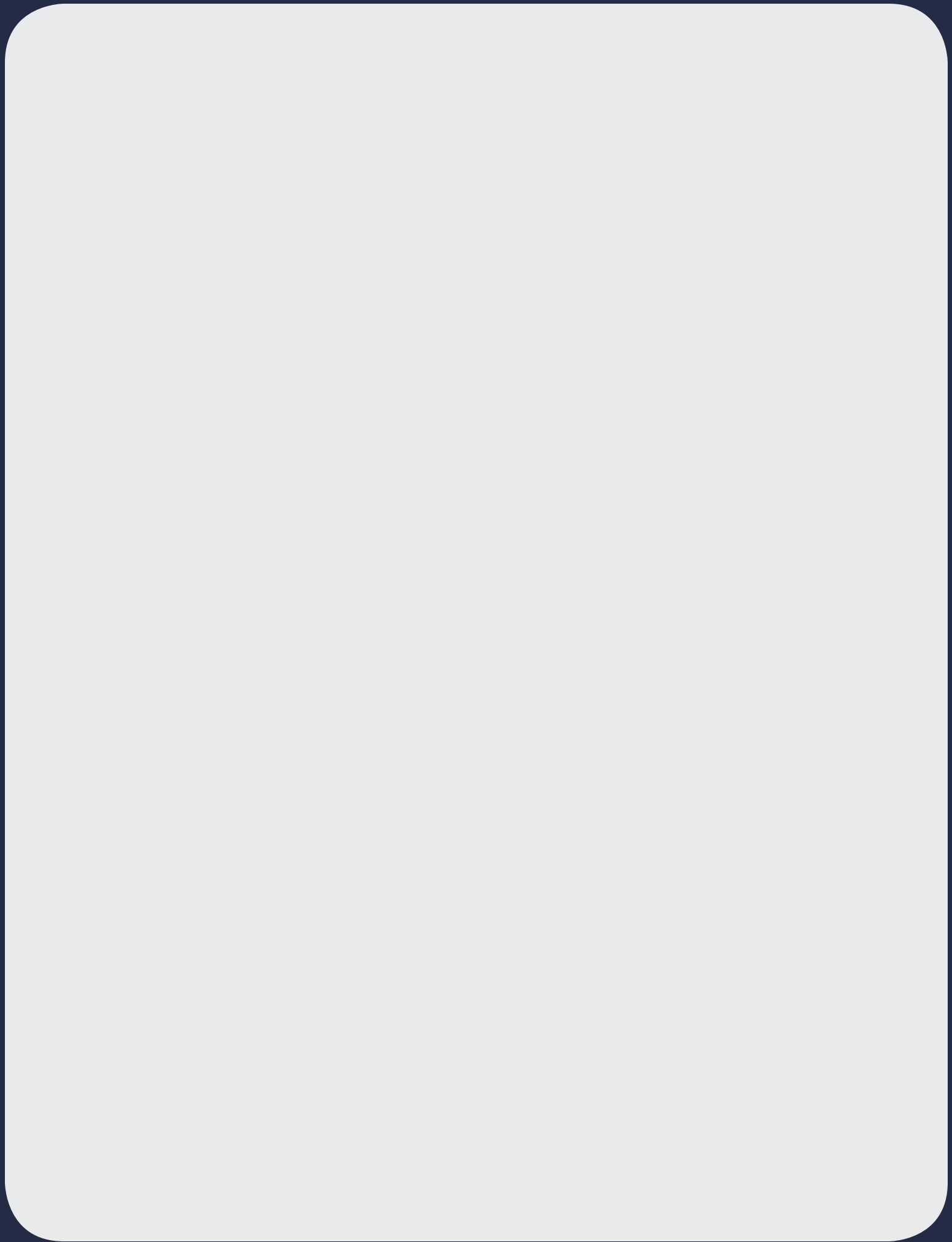
The installation provides day-to-day Asset Management services, which include evaluating property operations, maintenance, and management; hosting and assisting with site assessments; preparing a semiannual PEP; assessing compliance with transactional documents; and assisting with data collection.

## Property Manager

The Property Manager (on-site member of the Project Owner team) is responsible for the day-to-day operation and maintenance of privatized housing. In addition to conducting property management duties, the Property Manager participates in all Portfolio Management evaluations (e.g., site visits).

## Military Families

As the primary beneficiary of housing privatization, service members use their Basic Allowance for Housing (BAH) to pay rent and utilities in order to occupy privatized housing.



# Duties of the Air Force Housing Privatization Portfolio Manager

## Maintain Transactional Documents

The Portfolio Manager is responsible for maintaining all transactional documents, including legal, real estate, financial, and loan documents, for each housing privatization project. Due to transaction complexity and the long term nature of a privatization project, ongoing document collection and retention is essential for ensuring project health.

## Monitor and Evaluate Projects

Portfolio Management involves monitoring all areas of each housing privatization project to assess trends and identify and assist with resolving problems. To this end, the Portfolio Manager develops the framework for and conducts quarterly evaluations and annual site visits to assess project aspects such as debt repayment, insurance compliance, and physical property condition.

## Assist with Asset Management Duties

The installation has primary Asset Management duties, but the Portfolio Manager assists and fosters this task by coordinating all requests for information with the installation, and informs the installation and the MAJCOM of upcoming events and potential issues. In addition, the Portfolio Manager reviews, coordinates, and executes documents for recommended changes affecting the project. Other Asset Management support includes reviewing the Project Owner's budget, coordinating any necessary approvals, providing guidance, and receiving and reviewing reports related to the project.

## Coordinate Assessments and Reporting

The Portfolio Manager is responsible for assessing project health as well as Project Owner performance in areas including customer satisfaction, financial performance, occupancy rates, and property condition and maintenance. After distributing the reports generated from these assessments to all involved parties, the Portfolio Manager maintains them on file through project closeout.

## Mediate Issues

In the event that issues arise during the course of the privatization process, Air Staff, the MAJCOM, and the installation can turn to the Portfolio Manager to mediate among concerned parties. Such mediation would apply to situations that require policy and/or guidance, are severe (e.g., involve legal action), or cannot be resolved at the installation level.

## Service Loans

The Portfolio Manager monitors direct loan payments to ensure that they occur on schedule. In addition, the Portfolio Manager is responsible for monitoring private loans and predicting future performance. The Loan Servicer (LS) for government loans, the DFAS, assists the Portfolio Manager in executing funds management duties.

## Direct Project Closeout

At the end of the business arrangement, the Portfolio Manager directs project closeout and disburses any remaining funds from the Lockbox Accounts.

## Implement Lessons Learned

To improve process effectiveness, the Portfolio Manager is responsible for conveying Portfolio Management practices so that the Air Force benefits from lessons learned.

## Perform Additional Duties

The Portfolio Manager also has the authority to initiate requests and recommendations for Air Force action to enforce the terms of the transactional documents. Furthermore, the Portfolio Manager is authorized to conduct other actions that further Air Force housing privatization goals.

# Portfolio Management Information Sheets

